

**Budget Neutrality Analysis
Retrospective Calculations
Waiver Period July 1998 - June 2003**

**Retrospective Cost Neutrality Worksheet I.
Baseline State Fiscal 1998**

The target population's fertility rate during the baseline year serves as the comparison basis for determining the prevention of unintended births in the waiver population during the demonstration years. There are certain considerations in identifying the baseline population with characteristics comparable to the subsequent waiver population. Some characteristics of the population at large can be observed and distinguished, such as the woman's age, poverty level and her lack of Medicaid coverage of family planning services.

Other characteristics that would provide further selectivity in the baseline population are more problematic to infer from available data, such as the rate of a population's prospective intent towards pregnancies. For example, the Pregnancy Risk Assessment and Monitoring System (PRAMS) data provides the rate of women's retrospective intent among manifested births, but represents neither the rate of a pre-pregnancy population's intent towards future pregnancy nor the rate of a non-intending population's rate of manifested births. Another characteristic that is difficult to infer is the rate of a population's elevated risk towards pregnancy related to the individuals' expectations of their sexual activity. Nevertheless, the subsequent waiver population represents a detection bias for the convergence of both characteristics (does not intend pregnancy and expectation towards sexual activity). This bias is inherent in a program where a woman is counted as a participant only when she utilizes family planning services.

To establish our baseline population for the comparison fertility rate, we utilized the U.S. Census estimates of women in New Mexico between the ages of 19 and 44 during 1998. We estimated the count among those age groups that were under the 185% federal poverty level (FPL) by applying the rate previously estimated for those age groups from a 1990 U.S. Public Use Micro Sample (PUMS) as referenced in our original waiver application, exhibit H.

To further isolate our baseline population closer to the characteristics of the targeted waiver population, we created an ad hoc data analysis with the State Fiscal Year (SFY) 1998 Medicaid eligibility records. Our objective was to determine the unduplicated number of women who were eligible for state Medicaid categories in which Medicaid already covers family planning services concurrent with full benefits. These Medicaid full-benefits women are not part of the potential population for either the Medicaid gap group of pregnant women from which we derive baseline births (described below) or the subsequent waiver population. Therefore, we excluded these Medicaid full-benefits women from our final baseline population for fertility rate calculations.

To determine the baseline births, we ran an analysis to determine the live births from among women who were eligible for the State's Medicaid category in which the scope of coverage is limited to pregnancy services only. This eligibility category is for women who are pregnant,

under 185% FPL and not otherwise eligible for Medicaid coverage of pregnancy services. The subsequent waiver similarly targets a gap group of women who are under 185% FPL and, except for the waiver, are not otherwise eligible for Medicaid coverage of family planning services. Therefore, the births from this Medicaid gap group category of pregnant women, compared against our baseline population, serves as our baseline fertility rate.

Retrospective Cost Neutrality Worksheet II.

Medicaid Costs Specific to the Waiver

Section 1. Family Planning Waiver Enrollments.

Enrollments represent one indicator of the program volume, particularly in relation to the operational obligation to assess the eligibility of individuals for the waiver.

Counts are derived from an ad hoc analysis of the HSD Income Support Division's eligibility data records. The count is based on unique occurrences of individuals, according to recipient identifiers, among the eligibility date segment-records containing the category of eligibility code designated for the waiver.

A. New Enrollees

The individual became eligible for the waiver for the first time. Once counted as a new enrollee in a particular fiscal year, the individual is not counted in this row reference factor (A) again across subsequent fiscal years.

B. Continuing From Previous Fiscal Year

The individual was counted if she was on the waiver "roster" of eligible women during both the previous and current fiscal year.

C. Returning After Previous Exit

An individual would have been counted had she concurrently met three conditions: 1) she had been on the waiver roster in any previous fiscal year; 2) she had not been on the roster during the most recent year; and, 3) she was on the waiver roster in the current fiscal year.

D. Total Eligible Women During the Fiscal Year

$(D) = (A) + (B) + (C).$

E. Enrollees Exiting the Program

These are individuals eligible during the fiscal year but prospectively not in the waiver the following fiscal year.

Section 2. Family Planning Services.

A large portion of women enrolled for the waiver did not utilize services. When comparing the waiver participants as a reference group against the overall expenditures, it is only meaningful, beyond the cost of identifying and enrolling potential participants, to

refer specifically to those individuals among the enrolled who utilized a service during the waiver year.

We identified the women who utilized services by analyzing claims reimbursed for women enrolled in the waiver, for service dates during their eligibility. All counts of participants represent unduplicated individuals within the waiver year, based on unique occurrences of the recipient identifiers among the claims by service dates.

F. New Participants Utilizing Services

These participants utilized services under the waiver for the first time during the fiscal year. Each participant can only be counted once as a new participant across all fiscal years.

G. Continuing Participants (were active in the previous year)

The participant is counted if she utilized services in both the previous fiscal year and the current fiscal year.

H. Participants Returning to Active Utilization (after inactivity in the previous fiscal year)

The participant is counted if she: 1) used services in the current fiscal year; 2) is not a new participant; and, 3) did not use services in the previous fiscal year.

I. Total Participants during Fiscal Year

$(I) = (F) + (G) + (H)$.

J. Participants Reverting to Inactivity in the Following Fiscal Year

The participant is counted if she used services in the current fiscal year but did not use services in the following fiscal year.

K. Expenditures for Services

The amount is the aggregate sum of reimbursements for claims selected according to the following criteria: 1) the service date occurred while the recipient was eligible for the 1115 waiver; 2) during the calendar month of the service, the recipient did not have concurrent Medicaid coverage for a different eligibility category for which family planning would have been available; 3) the claim had been identified with the State's cost centers designated for either family planning services or Indian Health Services (IHS). Cost centers are used in preparing the HCFA (CMS)-64 reports. Please note that the State's CMS-64 reports for the retrospective period did not sort the 1115 waiver IHS claims as waiver expenditures. Regardless of the State's previous CMS-64 reports, this analysis does include the waiver's IHS claims as a necessary part of the federal cost of the waiver.

L. Service Cost per Participant

$(L) = (K) \text{ divided by } (J)$.

Section 3. Federal Costs.

M. Expenditures for Indian Health Services at 100% Federal Match.

These claims were identified according to a cost center code for Indian Health Services (IHS), and are mutually exclusive from amounts reported in HCFA (CMS) 64 reports for family planning waiver expenditures identified according to other cost center codes (regular family planning and family planning sterilizations) at the 90/10 match.

N. Remainder of Expenditures At 90/10 Federal Match.

(N) = (K) minus (M).

O. Federal match at 90/10 rate.

(O) = .90 x (N).

O. Total Cost, Federal Match for Service Expenditures.

(O) = (M) + (O)

Retrospective Cost Neutrality Worksheet III. Estimated Averted Births

Section 1. Total Active Participants During FY

Worksheet II., factor I., sorted by age groups. For consistency with section 3 below, the reference date for the woman's age was the later date of either the initial enrollment or the first day in the fiscal year.

Section 2. Estimated Births Without the waiver.

The baseline fertility rate, from the final column in Worksheet I., is applied against the counts in Section 1, to infer the number of births that would have occurred among waiver participants in the absence of the waiver.

Section 3. Live Deliveries During FY Among FY Participants

Counts of Medicaid covered live deliveries among waiver participants, during the same fiscal year of waiver participation and subsequent to the first waiver service during the fiscal year, sorted by the age of the mom on the same basis as Section 1, is derived from an ad hoc data analysis.

Section 4. Averted Births = Section 2 Results minus Section 3 Results

(Section 4 by age) = (Section 2 by age) - (Section 3 by age)

**Retrospective Cost Neutrality Worksheet IV.
Estimated Medicaid Cost Without The Waiver****Section 1. Additional Births Without The Waiver.****A. Averted Births With Waiver**

This count is the total derived from Worksheet III, Section 4.

B. Cost Per Pregnancy (Prenatal + Delivery)

This cost represents the average Medicaid care coverage cost related to the woman's eligibility for Medicaid for each pregnancy, as measured in time from the start of the health care coverage for the pregnant woman through the average end of Medicaid coverage related to that pregnancy, regardless of whether all such coverage occurred within the same fiscal year.

Most fiscal reports on pregnancy services do not track the average cost of the coverage across program fiscal windows of time, except as aggregate data showing expenditures and recipients. Therefore, the use of such reports is inappropriate for calculations by which to analyze the effect of a single averted pregnancy.

Instead, the average cost that is illustrated here incorporates the tracking of each pregnancy from the start of coverage through the duration of the pregnancy-driven coverage, some of which may not be concluded until a subsequent fiscal year. Rather than represent an archetypical pregnancy, the cost is an average that incorporates the varying duration and cost of Medicaid coverage among pregnancies.

The scope of Medicaid coverage will include all health care services for which Medicaid provides reimbursement due to the woman's eligibility under the pregnant woman category.

C. Estimated Aggregate Expenditures, Prenatal + Delivery.

$(C) = (A) \times (B)$.

D. Cost per Infant During the Fiscal Year

This is the average expenditure for recipients under 1 year of age. This average cost is based on the federal CMS 2082 report series, transposed from the federal fiscal year to the comparable state fiscal year.

E. Estimated Aggregate Expenditures, Infants Under Age 1

$(E) = (A) \times (D)$.

Section 2. Total Averted Service Expenditure

$(F) = (C) + (E)$.

Section 3. Federal Costs Averted

G. State FMAP rate.

Rates are from the comparable federal fiscal year.

H. Federal match at FMAP rate.

$$(H) = (F) \times (G)$$

Retrospective Cost Neutrality Worksheet V.

Comparison of waiver expenditures against cost of pregnancies and subsequent children without the waiver.

Expenditures Related to the Waiver Target Group

A. With the Family Planning Waiver
Worksheet II, factor (O).

B. Without the Family Planning Waiver
Worksheet IV, factor (H).

C. Comparison for Cost Neutrality
 $(C) = (A) - (B)$.

Conclusion:

By the end of the first five demonstration years, the state will have accumulated \$9,669,362 in averted federal costs secondary to averted unintended births. The waiver program has met the cost neutrality objective and plays a role in the State's cost containment goals while offering services that support individuals' choices related to reproductive health.